Urban Basic Services for the Poor (UBSP), Prime Minister's Integrated Urban Poverty Eradicaction Programme (PMIUPEP), seeks to provide gainful employment to unemployed or underemployed urban and educated up to IX standard for setting up self-employment ventures or provision of wage employment. The implementation of SJSRY is relying on suitable community structures on the UBSP pattern and delivery of inputs under this programme is through the medium of Urban Local Bodies (ULBs) and such community structure.

It is not possible to isolate the impact of each of these factors on the income generation of the poor, and hence on the percentage of people living below the poverty line. However, as a result of the joint impact of these two factors, there has been a reduction in the pecentage of people living below the poverty line in Himachal Pradesh from 32.4% in 1977-78 to 28.4% in 1993-94.

**Incentives to IT industry**

*74. SHRI K. RAHMAN KHAN: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) the details of incentives offered for the IT industry;

(b) whether banks are treating advance to IT projects as priority sector advance; and

(c) whether Government will consider to have a separate institution for promotion of IT industry?

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) The details of incentives offered for the IT industry are given in the Statement. *(See* below)

(b)Yes, Sir. Loans to the software industry having credit limit upto Rs. 1 crore from the banking sector are eligible for inclusion under the priority sector.

(c)The Government of India has already set up Ministry of Information Technology for promotion of this industry.

**Statement**

*The details of Incentives to IT Sector are as under;—*

1. A Special Advance Licensing Scheme for export of Electronics products has been notified vide DGFT Public Notice No. 41(RE-98)/1997-2002 dated 16.9.98. The imports under the scheme shall precede export and the licences under the scheme shall be issued with the positive value addition. The Designated Officers of the Ministry of Information Technology(MIT) have been entrusted with the task of verifying the relevance/usability of inputs' in the export product as well as the quantity required.

2. As a major step to encourage production and exports, the facility to import capital goods under the Export Promotion Capital Goods (EPCG) Scheme at zero duty with a reduced threshold limit of Rs. 1 crore was extended to the electronics industry w.e.f. April 14, 1998. For Software sector this limit was reduced to Rs. 10 lakhs. The export obligation required to be fulfilled is 6 times CIF value of CG on FOB basis or 5 times CIF value of CG on NFE basis, over a period of six years.

3. A separate procedure for consideration of EPCG applications pertaining to the electronics and software sectors has been notified vide DGFT Public Notice No. 15(RE-98)/l997-2002 dated 8.6.98, whereby these applications are considered by the Licensing authorities on the recommendations of the Designated Officers of MIT instead of being placed before the EPCG Committee. DGFT have also issued a Public Notice No. 29(RE-98)/1997-2002 dated 1.9.99, as per which units in electronics and software sectors will have option to apply for EPCG Licence to the competent authority on the basis of self declaration regarding the nexus between the CG to be imported with the items to be exported.

4. Foreign investment of upto 100% is permitted in units set up solely for exports. Various incentives are available for export-oriented units, which include duty free imports of capital goods, raw-materials, components and other inputs, tax holidays against export and access to the domestic market. Such units can be set up under any of the schemes, viz., Electronics Hardware Technology Park (EHTP), Software Technology Park (STP), Export Processing Zone (EPZ) and 100% Export Oriented Units (EOU). The EHTP scheme has been designed to meet the specific requirement of a globally-oriented electronics sector. Software Technology Park Scheme is an export oriented scheme for the development and export of computer software using data communication links or in the form of physical media, including export of professional services.

5. EHTP and STP schemes are implemented under the aegis of the Ministry of Information Technology through a single window mechanism of the Inter-Ministerial Standing Committee (IMSC).

6. Powers of approval of the Designated Officers of MIT for implementation of STP/EHTP schemes have been further enhanced, vide Para 9.37 of the Ministry of Commerce Handbook of Procedures (Vol. 1), 1997—2002 (incorporating amendments made upto 31.3.99). They can now approve setting up of STP/EHTP units where foreign exchange required for import of capital goods (net of taxes) is upto US$ 10 million.

7. A special stock option scheme for Indian Software Companies linked with ADR/GDR offerings by these companies, as an instrument to enable these companies to provide incentives to retain their highly skilled professionals, has been notified vide Reserve Bank of India (RBI) A.D. (M.A.) Circular No. 25 dated 7.8.98.
8. RBI has framed Guidelines dated 8.8.98 for sanction of working capital finance to information technology and software industry.
9. Government has approved setting up of a National Venture Fund for Software and IT Industry (NFSIT) with a corpus of Rs. 100 crores, out of which MIT shall contribute Rs. 30 crores.
10. Provision for issue of Sweat Equity by companies has been introduced in the Companies (Amendment) Act, 1999.
11. In the EXIM Policy, 1997—2002 (incorporating amendments made upto 31.3.99), DTA access upto 50% of the FOB value of export has been permitted for electronics hardware units under EOU/EP27EHTP schemes and the software units under EOU/EPZ/STP schemes. Broadbanding has been permitted in the DTA sales of hardware manufactured by EHTP units for items covered in the Letter of Permission.
12. The procedures for operation of the units in the EHTP/EOU/EPZ/STP schemes have been simplified considerably and a number of operations have been permitted on the basis of self certification, as per Chapter 9 of Ministry of Commerce handbook of Procedures (Vol. I), 1997—2002 (incorporating amendments made upto 31.3.99).
13. Procedure for sub-contracting of production process in DTA has been made simpler for EHTP/EOU/EPZ/STP units, in terms of Department of Revenue Notification No. 44/98-Customs dated 2.7.98.
14. Manufacturers — importers of Electronics goods having investment of Rs. 3 crores and above and units in EPZs/EHTP and STP are eligible for fast-track clearance of goods imported by them vide Ministry of Finance (CBEC) Circular No. 56798 dated 3.8.98.
15. Value addition norms for Rupee exports to Russia reduced from 100% to 33% under Advance Licensing Scheme, as per Para 7.10 of the EXIM Pottc> 1997—2002 (incorporating amendments made upto 31.3.99).
16. The Depreciation on Computers has been allowed @60%.
17. In the 1999-2000 Budget, Customs duty on Computers and Peripherals has been reduced from 22% to 20%. The Customs duty on all storage devices, integrated circuits and microprocessors has been made uniform at a level of 5% and Customs duty on parts of computers has been brought down from

10% to 5%. The customs duty on Data display tubes and Deflection components of colour monitors is @5%.

18. Information Technology Software has been exempted from Customs Duty.

19. EOU/EPZ/STP/EHTP units have been exempted from payment of Corporate Income Tax for 10 years.

20. Profits from export of computer software are eligible for Income Tax deduction in terms of Section 80 HHE of the Income Tax Act.

21. Definition of Computer Software, as in Section 80 HHE of the Income Tax Act has been widened to include transmission of data.

22. Benefit of Section 80 HHE has been extended to supporting software developers.

23. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector.

24. Computer systems have been made freely importable, vide EXIM Policy, 1997—2002, applicable w.e.f. 1.4.99.

25. The donation of computers, imported duty free by EOU/EPZ/STP/EHTP units to recognised non-commercial educational institutions, registered charitable hospitals, public libraries, public funded research and development establishments, etc., two years after their use by the said units has been permitted vide Ministry of Finance Notification No. 47/98-Customs dated 16.7.98.

26. The second-hand computers and computer peripherals donated by an outside donor to Government schools have been exempted from customs duties, vide Ministry of Finance Notification No. 18/99/Cus. dated 11.2.99.

27. Income by way of dividends or long-term capital gains of a Venture Capital Fund or Venture Capital company from investment made by way of equity shares in a Venture Capital Undertaking, which has been expanded to include the Software and IT sectors, will henceforth not be included in computing the total income.

28. Under the Employee Stock Option Scheme, income tax payable on income from GDRs purchased in foreign currency by a resident employee of IT software and service companies, shall be at a concessional rate of 10%.

29. The expenditure incurred to make the existing computer systems Y2K compliant shall be treated as revenue expenditure and hence will be eligible for deduction in computing the income of the business.

30. To induce more investment for R & D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purposes of scientific, social or statistical research has been provided.

**Utilisation of flared gas in Assam**

*75 DR. (SHRIMATI) JOYASREE GOSWAMI MAHANTA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) what is the quantum of flaring of Associated gas in Assam in a year in terms of its total value.

(b) what steps Government are taking for proper utilisation of such flared gas;

(c) whether there is any free gas reserve in Assam; if so, the steps that have been taken for its utilisation; and

(d) if not, whether Government will explore gas reserves in Assam?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): (a) The quantum of gas flared in Assam during 1998-99 was approximately 292 Million Standard Cubic Metres (MMSCM) with estimated monetary value of Rs. 27.25 crore.

(b) Various steps taken for proper utilisation of natural gas and for reducing gas flaring are:

(i) Implementation of gas flaring reduction schemes to bring down the gas flaring to a minimum level of technical flaring.

(ii) Construction of gas evacuation pipelines including debottlenecking of existing gas transportation lines.

(iii) Incorporation of capacity control in gas compressors and installation of Gas Holders in order to negate the surging effect.

(iv) Taking up of storage-cum-Flow back scheme in order to conserve gas in underground depleted reservoir during low upliftment by outside consumers and supplement the market by flowing back the stored gas while the demand goes up.

(v) Supply of low pressure gas from marginal fields directly to low pressure system of tea gardens in the vicinity.

(vi) Procurement and installation of small size very low pressure compressors and Jet Ejectors for picking up very low pressure stabilizer gas.

(vii) Commissioning and extension of Supervisory Control and Data Acquisition (SCADA) facility for real time monitoring of gas production, disbursement and quick control.